

Closure of Urban Co-operative Banks

2923. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

- (a) what steps are being taken/proposed to be taken to meet the claims of the depositors of the private and Urban Cooperative Banks which have closed their operations during the last three years;
- (b) what proactive measures that Government are initiating/proposing to check the factors that lead to the bankruptcy of the private/Urban Co-operative Banks;
- (c) how many private/Urban Co-operative Banks are no the verge of bankruptcy as per the sources of his Ministry and the details thereof; and
- (d) what progress has been made to honour the claims of the depositors of the Charminar, Vasavi and Prudential Banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The deposits upto Rs. 1.00 lakh are insured by Deposit Insurance Credit Guarantee Corporation (DICGC), which undertakes settlement of all such claims.

(b) Reserve Bank of India's Annual Policy Statement, for the year 2004-05, refers to the issuance of fresh licence to UCB Sector. It stipulates that in order to make this sector strong, healthy and stable, fresh licences will be issued only after a comprehensive policy on UCBs, including an appropriate legal and regulatory framework, is put in place. In accordance with the announcement, any fresh proposal for organization of new UCBs or for conversion of cooperative credit societies into UCBs is to be considered only after the situation is reviewed and a fresh announcement is made by Reserve Bank of India in this regard. Reserve Bank of India (RBI) is regularly monitoring the financial position of all the UCBs through periodical statutory inspections, as also through off site surveillance. Periodical meetings are also held by RBI with the officials of weak UCBs. In States, which have entered into Memorandum of Understanding (MoU) with RBI, Task Force on Urban Co-operative Banks (TAFCUB) consisting of representatives of RBI, State Government and Urban Bank Federations, is regularly reviewing the position of these weak banks.

(c) UCBs have been graded by Reserve Bank as under:—

Grade	2005	2006
Grade-I (Sound)	807	716
Grade-II (Not so sound)	340	460
Grade-III (Weak)	497	407
Grade-IV (Sick)	228	270
TOTAL:	1872	1853

(d) As regards to Charminar, Vasavi and Prudential Banks the position is as under:—

- (a) Charminar Cooperative Urban Bank Ltd., Hyderabad—The depositors of the banks were paid a total amount of Rs. 158.32 crore. The bank is working under a scheme of reconstruction since March 3, 2003. Apart from DICGC claim of the deposits of upto Rs. 1.00 lakh, the deposits above Rs. 1.00 lakh but upto Rs. 5.00 lakh will be repaid in 8 equal half-yearly instalments after a three years' moratorium period from the date of reconstruction scheme and two such instalments have been paid in March and September, 2006. For the depositors above Rs. 5.00 lakh, they will be repaid in 8 equal half-yearly instalments after a 5 years moratorium period.
- (b) Vasavi Cooperative Urban Bank Ltd., Hyderabad—An amount of Rs. 36.93 crore has been repaid to the depositors. The directions by RBI were relaxed on November 8, 2006 and the bank is under process of repayment to the depositors.
- (c) Prudential Cooperative Bank Ltd.,—The liquidator has submitted claim to DICGC on April 7, 2005.

Recommendations of Group of Ministers on infrastructure issues

2924. SHRIMATI SHOBHANA BHARTIA:
SHRIMATI PREMA CARIAPPA:

Will the Minister of TOURISM be pleased to state:

- (a) whether Government are concerned that the country's tourism